

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/25)
BUTTER: Grade AA closed at \$1.5850. The weekly average for Grade AA is \$1.6025 (-.0133).

CHEESE: Barrels closed at \$1.5125 and blocks at \$1.5800. The weekly average for barrels is \$1.4756 (+.0896) and blocks, \$1.5419 (+.1084).

BUTTER: The CME cash price was mixed during this, holiday-shortened trading week. There has been no clear trend to the market tone and prices since the first of the year. The CME cash butter price has moved up and down in approximately two-week cycles and traded between \$1.55 and \$1.65 during the first two months of 2005. The recent *Cold Storage* report shows January 31 stocks at half the level they were a year ago. This caused some in the trading community to push prices higher. Others are still looking at the heavy churning activity that has occurred since the holidays and see significant month-to-month gains in inventories. Churning facilities continue to be offered heavy volumes of excess cream. In instances, the cream volumes are slightly lighter, but some operations continue to process the cream at or near capacity levels. Demand for bulk butter is fair to good as speculators, users, and distributors all try to build some inventory for future needs. Orders for packaged butter are about steady.

CHEESE: The cash cheese market is firm and prices have continued to rebound from the recent 2005 lows. Many traders are surprised by the sharp price increases this week, exceeding 10 cents on both blocks and barrels. Many producers report improved movement while others still find interest spotty. Recent increases may again stymie cheddar aging programs. Recent price increases has caused more cheese makers to seek additional milk volumes, though often for next month delivery. Current cheese output is fairly steady.

FLUID MILK: Milk production patterns are now showing more signs of seasonal increases from Coast to Coast, especially in the southern half of the country. In the Southeast, milk output continues to increase with this trend extending itself into the Northeast and Central areas. In the West, Southern California continues to be inundated with heavy rainfall which is limiting production growth. Further north, in the Central Valley, rains are not having as negative of an influence on milk output as more dairies have covered lots. In the far Northern producing areas, milk volumes are also rising despite wet conditions. In Arizona, milk production levels range from flat to several percentages lower. In the Northwest and Mountain regions of the country, milk output is steady to slightly higher and following typical trends for this time of the season. Cream markets are weak in most areas of the country. Volumes of cream remain available for needs with the churn receiving more than anticipated volumes. Some sellers are wondering why

ice cream operations have not been more aggressive in building pre-season inventories while cream is readily available. Cream volumes remain sufficient to meet local needs with surplus clearing to other regions of the country.

DRY PRODUCTS: Nonfat dry milk prices are mostly steady to slightly higher in light spot trading as the market tone remains firm. Regular buyers are finding product hard to secure with some suppliers quoting deliveries out from 2-4 weeks and then with only weak guarantees. Buyers in the Central and Eastern part of the country are often short of their full needs and are reaching to the West or the resale market for additional supplies. Anticipated production this spring is mixed with some traders expecting NDM to remain firm whereas others speculate that NDM supplies will increase and prices will soften. Dry buttermilk markets remain firm with prices steady to higher. Production is steady to higher as increased milk and cream volumes are noted into churns across the country. Most buttermilk powder trading activity is centered around contractual commitments or via the resale market with a significant portion clearing as condensed. Whey powder markets remain firm with prices unchanged to higher. Supplies are mixed. Some producers continue to be sold out on dry whey while others do have some loads to move on the spot market. Domestic buyers continue to take normal volumes of powder with export sales reported as strong.

CCC: During the week of February 21 - 25, there was no price support activity.

COLD STORAGE (NASS): On January 31, U.S. cold storage holdings of butter totaled 76.1 million pounds, 69.2% more than a month ago and 49.9% less than last January. Natural American cheese holdings total 484.4 million pounds, 0.6% more than a month ago and 6.6% heavier than a year ago. Nonfat dry milk holdings at the end of December total 511 million pounds, 41 million pounds less than last month and 467 million pounds less than December 2003. The government holds 80.8% of the total nonfat holdings.

MARCH COOPERATIVE CLASS I PRICES (DAIRY PROGRAMS): For March 2005, the all-city average announced cooperative Class I price was \$19.51, \$1.56 higher than the Federal milk order Class I price average for these cities. The March cooperative Class I price was \$1.58 higher than the February price, while the Federal order price was \$1.64 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.16 in Chicago, IL, and Milwaukee, WI. For March 2004, the all-city average announced cooperative Class I price was \$15.81, \$1.39 higher than the Federal order Class I price average for these cities.

******SPECIAL THIS ISSUE******

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY FEBRUARY 21	TUESDAY FEBRUARY 22	WEDNESDAY FEBRUARY 23	THURSDAY FEBRUARY 24	FRIDAY FEBRUARY 25	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	CME	\$1.4000 (+.0100)	\$1.4900 (+.0900)	\$1.5000 (+.0100)	\$1.5125 (+.0125)	(+.1225)	\$1.4756 (+.0896)
40# BLOCKS	CLOSED	\$1.4800 (+.0425)	\$1.5375 (+.0575)	\$1.5700 (+.0325)	\$1.5800 (+.0100)	(+.1425)	\$1.5419 (+.1084)
BUTTER GRADE AA	NO TRADING	-----	\$1.6200 (+.0400)	-----	\$1.5850 (-.0350)	(+.0050)	\$1.6025 (-.0133)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 21, 2005 -- NO TRADING, CME CLOSED FOR OBSERVANCE OF PRESIDENT'S DAY

TUESDAY, FEBRUARY 22, 2005

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.4500, 1 @ \$1.4600, 1 @ \$1.4700, 1 @ \$1.4800; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.4000, 1 @ \$1.3925, 1 @ \$1.3600; 2 CARS 40# BLOCKS: 1 @ \$1.4750, 1 @ \$1.4350; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.4900

WEDNESDAY, FEBRUARY 23, 2005

CHEESE -- SALES: 6 CARS 40# BLOCKS: 2 @ \$1.5300, 2 @ \$1.5325, 1 @ \$1.5400, 1 @ \$1.5375; BIDS UNFILLED: 4 CARS BARRELS: 1 @ \$1.4900, 1 @ \$1.4825, 1 @ \$1.4100, 1 @ \$1.4000; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5500

BUTTER -- SALES: 4 CARS GRADE AA @ \$1.6200; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.6150, 2 @ \$1.6125, 1 @ \$1.5925; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.6250

THURSDAY, FEBRUARY 24, 2005

CHEESE -- SALES: 1 CAR BARRELS @ \$1.5000; 3 CARS 40# BLOCKS: 1 @ \$1.5425, 1 @ \$1.5500, 1 @ \$1.5650; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.5700; OFFERS UNCOVERED: NONE

FRIDAY, FEBRUARY 25, 2005

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.5100, 2 @ \$1.5125; 3 CARS 40# BLOCKS @ \$1.5800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$1.6250, 1 @ \$1.6200, 2 @ \$1.6100, 2 @ \$1.5875, 1 @ \$1.5850; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.6000

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9325 and Grade A at \$1.0000. (The last price change occurred February 8th.) The weekly average for Extra Grade is \$0.9325 (N.C.) and Grade A is \$1.0000 (N.C.).

BUTTER MARKETS**JANUARY COLD STORAGE**

According to NASS, January month-ending cold storage figures for butter total 76.1 million pounds, 49.9% less than last January, but 69.2% more than December 2004.

NORTHEAST

The butter market remains mixed. At the CME, the cash butter price dropped below \$1.60 for the first time since the end of January. Some contacts feel that the butter price will stay around current levels until after March 1. March butter futures must be settled with butter made after December 1, 2004 or the so-called "new crop" butter. Speculation suggests that Friday's (2/18) heavy trading (38 sales) was predominantly butter produced prior to December 1. Churning activity is mostly steady and excess cream volumes remains heavier than anticipated. Retail chain orders for expected Easter needs are fair. Food service orders are unchanged. Sales of bulk butter f.o.b. East, are reported in a range of 2.0 cents under to 3.0 cents over the CME price/average.

CENTRAL

The CME cash price has been weak during recent trading sessions, although it firmed at midweek to \$1.6200. Many producers feel that the tone to the current market is firm, or at least steady, versus weak. Churning activity is active as cream supplies remain available from local and out of area sources at favorable prices. Butter producers are quite surprised at the amount of cream that is available to them at this time of the year versus competition from Class II product producers, especially ice cream makers. Surplus butter continues to enter inventory programs. Butter stocks are growing from the previous week in most locations, but still are well below year ago levels. Butter demand is fair and sometimes referred

to as good. Producers and handlers state that Easter/Passover orders are quite good. Some feature activity will be taking place at the retail level which potentially will stimulate strong butter sales. Restaurants and food service outlets are also preparing for the upcoming holiday period and placing heavier orders. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

Butter prices at the cash CME market moved sharply lower on Friday of last week to stand at \$1.58. Trading activity was heavy with 38 loads sold. Some contacts are stating that a portion of the weakness was due to the old crop butter versus new crop rule at the CME. Prices gained back much of the decline on February 23 when prices increased four cents. More discussion of butter needed for the Easter holiday is occurring, but sales have not taken off. Some buyers are continuing to wait before placing additional orders. Feature activity at the retail level seems to be less than some years. Cream, in some parts of the region, is not as long as it has been with some indicating that Class II manufacturing is beginning to increase. Therefore, some churns are a little less active. Butter seems to be available for immediate shipment. U.S. Cold Storage butter stocks on January 31 total 76.1 million pounds, down 50% or 76.3 million pounds from the same period last year. During January, stocks increased by 69% or 31.1 million pounds. This is the smallest increase in the month of January since 1998. Normally, the inventory increase during January is larger than any other month of the year. Since 1998, inventories on average have grown by more than 47 million pounds. Bulk butter prices range from flat to 3 1/2 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
FEBRUARY 19	1.5366	1.4939	0.9024	1.6011	0.2481
	8,743,415	10,763,415	18,913,909	3,427,050	12,152,513

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices area unchanged on natural cheeses, slightly lower on process. The market tone is little changed and some contacts see firmness coming back into the market. The sharp declines in prices seen since the first week of February have spurred many distributors and users to reenter the market to replenish inventories. Cheese output in the Northeast is mostly steady at light to moderate levels. The estimated Class III milk price for February is expected to be lower and cheese makers may be more willing to take extra milk as the cheese price and milk price relationship become more favorable. Retail cheese sales are mostly steady. Some specialty cheeses made for Lent are clearing nicely, but clearances of other types continue to lag due to price. Food service orders are mostly steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5000-2.0150
Cheddar Single Daisies	:	1.4575-1.9325
Cheddar 40# Block	:	1.5750-1.8325
Process 5# Loaf	:	1.5950-1.8025
Process 5# Sliced	:	1.6150-1.8375
Muenster	:	1.6725-1.8750
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is fully steady. The net average of the 7 weekly averages in 2005 for the Chicago Mercantile Exchange cash cheese market is over 20 cents higher than the same period average in 2004. Some buyers are still delaying orders until March while other buyers are trying to build inventory for Lenten and late winter movement. Current natural movement is generally considered about average for this time of year. Aging programs continue to be rebuilt. Process demand is steady to occasionally slightly improved, overall about moderate. For many processors, some lines still have run time available to fill a 40 hour week. Barrel supplies are adequate but good white undergrades are snug. Imported cheese destined for processing is more expensive due to the weak dollar against other currencies. Cheese production is steady to just slightly higher. Cheese yields remain good for late February. Many cheese makers continue to try to limit production because the sharp cheese price decline will not have a corresponding decline in the Class III milk price until March.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5650-2.0200
Brick And/Or Muenster 5#	:	1.9875-2.0000
Cheddar 40# Block	:	1.7875-2.2650
Monterey Jack 10#	:	2.0275-2.2650
Blue 5#	:	2.2825-2.7200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7325-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.9500

**WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

BUTTER : CHEESE

02/21/05	32,054	:	123,750
02/01/05	23,991	:	124,557
CHANGE	8,063	:	-807
% CHANGE	34	:	-1

WEST

The weekly net change on the cash CME block market was positive last week for the first time since the week ending January 21. Block prices are sharply higher so far this week, closing at \$1.5375 on February 23. Demand for current cheese is not aggressive. Buyers continue to look for bargain discount cheese and are not finding much available. Many seem to be content to work off existing inventories. Production is about steady with some operations hesitant to acquire much additional milk in February with the current milk/cheese price relationship. Some operations have also cut back on the solids they are adding to standardize the vat because of the solids being more expensive and harder to find. Mozzarella sales are fair to improving with Swiss showing better movement. U.S. Cold Storage stocks of American cheese on January 31 total 484.4 million pounds, down 7% or 33.7 million pounds from the same period last year. Stocks did increase by 3.3 million pounds during the month of January. Since 1998, the average increase for the month of January has been more than 23 million pounds. Swiss stocks at the end of the month are reported at 25.7 million pounds, up 2% from last year and down 1% from last month.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5400-1.7975
Cheddar 40# Block	:	1.5550-1.9075
Cheddar 10# Cuts	:	1.7350-1.9550
Monterey Jack 10#	:	1.7450-1.9050
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are unchanged and the market tone is unchanged. Stocks of most types of cheese are adequate to meet the steady, fair demand. Reports from the EU indicate that the cheese market there is generally steady. However, as the EU prices for butter and NDM decrease, more milk may find its way into cheese plants.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6900	: 1.8150-3.3150
Gorgonzola	: 3.6900-5.9400	: 2.3250-2.4900
Parmesan (Italy)	: TFEWR	: 3.2200-3.3350
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.8275-2.0500
Romano (Cows Milk)	: -0-	: 3.0100-5.1750
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.9500-4.0900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	179	0	148	0	76
SOUTHEAST STATES	0	0	0	0	0	0

The base price for Class I milk for March 2005 is \$15.43, up \$1.64 from February. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for March is \$7.44, up \$.06 from February. December milk production in the 23 major states (NASS has added CO, KS, and OR to the monthly milk production program in January 2005 and historic estimates have been created for comparisons.) totaled 13.23 billion pounds, up 1.3% from January 2004. The following are the January-to-January changes for selected states: Florida +3.0%, Pennsylvania +2.8%, Virginia +2.7%, New York +1.8%, Vermont +0.9%, Texas no change, and Kentucky -2.5%. Milk production is starting to show more signs of increasing in the Northeast while continuing to increase throughout most of the Southeast. Fluid milk supplies range from fully adequate to long. Bottled milk sales are mixed this week. Several states in the Northeast have schools on vacation, which slows demand. However, last weekend's snow storms in the Middle Atlantic area did cause some panic sales at retail and bottlers that service those areas did add loads to their orders. Florida's milk shipments were up this week as milk output increased and Class I sales lagged. Also, a major grocery chain filed for Chapter 11 protection, which caused a disruption to Grade A milk sales and bottled milk sales. This week, surplus milk volumes are a little heavier in most areas. Butter/powder plant contacts report that more milk is moving through their operations. This may be due to the disruption to Class I milk sales or cheese makers not wanting to make cheese this month. The low cheese price vs high Class III price is a deterrent to cheese output. Reportedly some cheese operations have cut production schedules to the bare minimum until the cheese price/milk price relationship remedies itself. The condensed skim market is firming. As NDM supplies tighten, users are more often looking to the condensed skim market for their solids needs. Prices are steady to higher as Class prices for skim milk increase. The fluid cream market remains weak. Spot inquiries are starting to increase, but offerings are more than ample to fill any additional demand. Suppliers report that nearly three quarters of their cream is clearing to Class III & IV outlets. Cream cheese producers are making more spot purchases as they fill anticipated Easter/Passover needs. Some ice cream makers are starting to increase output, but overall demand from ice cream makers remains slow. Bottled cream production is mostly steady. Spot prices for Class II cream are steady to higher, but butter makers, fearing butter prices will continue to decline, are paying lower multiples and basing those multiples on the CME butter market, date of shipment.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.9066-2.0682
DELIVERED EQUIVALENT ATLANTA	-	1.9228-2.1005 M 1.9713-2.0198
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.9874-2.1167

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9800-1.0100
NORTHEAST- CLASS III - SPOT PRICES	-	1.0900-1.2000

M I D W E S T

Class I interest is uneven from generally lighter to about steady with last week. More handlers are long on milk as their bottler accounts eased off this week. Some handlers are surprised that retailers have not ordered heavier for late month deliveries with the announced March Class I price higher. Manufacturing milk interest remains soft again this week though some plant operators were starting to look for supplemental loads for next week following the rebound in cheese prices and when the Class III price should be lower. Reported spot manufacturing milk prices on a very light test range from \$0.50 to about \$1.65 over class, with most of the activity toward the middle of the range. Cream remains long and buyers are still able to acquire needed volumes with relative ease. Some sellers are wondering why some ice cream operations have not been more aggressive in building pre-season inventories while cream is readily available. Condensed Class

II skim interest remains good though Class III condensed is quiet. Milk receipts in the upper part of the region have been fairly flat over the past few weeks. Milk components remain good seasonally. Approved quality springing heifers sold at Wisconsin dairy auction are steady to higher from a couple weeks ago ranging from \$1650 - 1950 per head and reported approved springing cows are higher at \$1700 - 1950.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 51.00- 57.00	\$ 46.00- 50.50
REPLACEMENT HEIFER CALVES	\$250.00-600.00	\$350.00-550.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	FEB 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 52.00- 58.00	\$ 49.00- 52.00

W E S T

Production figures for both 2003 and 2004 have been revised and the results for selected Western states comparing 2004 to 2003 are as follows: Arizona +2.6%, California +2.9%, Colorado +1.4%, Idaho +3.6%, New Mexico +0.7%, Oregon +4.3%, Utah -0.8%, and Washington -3.0%. Milk per cow increased in four of these states from a year earlier while four declined. January 2005 output for the 23 surveyed states (This is an increase of 3 states from the previous survey, but the previous year comparisons are now based on the higher number.) increased by 1.3% from January of 2004. January output compared to a year earlier for selected Western states is as follows: Arizona +4.2%, California +2.8%, Colorado +1.1%, Idaho +5.5%, New Mexico -4.7%, Oregon +1.6%, and Washington +0.4%. Rains continue to inundate Southern CALIFORNIA and again are limiting milk production growth in that area. Rainfall totals are nearing record levels established in the 1800's. The total effect on the state is limited because only 11% of the milk volume is produced in the south. Rains are not affecting milk output in the Central Valley, where more dairies have covered lots. Milk is often 2 to 4% higher across the region. The rains are expected to delay the harvesting of hay and are a factor in increased hay prices now. In the far northern producing areas milk volumes are also rising despite wet conditions. Class I milk sales are slower than anticipated. Several processing plants are down for parts of the week due to scheduled and unplanned maintenance. This is creating some problems in placing milk. ARIZONA milk production levels range from flat to several percentages lower; following recent and continued rains that are impacting the producing areas of the state. The impact of wet lots may cause some additional herd health concerns in coming weeks. There are some concerns that the wet conditions may impact the milk flow when the calendar would indicate the normal seasonal peak. The CREAM market is firmer than in recent weeks. Supplies are tighter in California and prices are higher. Other states in the region are also more balanced. Additional interest from ice cream producers is noted. Excess cream is moving towards local and out of area churns. The CME butter price is fluctuating and declined 1.25 cents from last week to close at \$1.6200 on Wednesday, February 23. Cream multiples range from 112 to 128, FOB, and vary depending on basing points. Milk output in the PACIFIC NORTHWEST ranges from steady to slightly heavier. Current weather conditions are ideal, warm and dry. Cows have been out on pasture for quite a while in the coastal portions of the region. Grass growth has been good and some is being chopped. The concern in the region is that there is no real snow pack in the Cascades to speak of. Summer water conditions are not looking good. Washington State released a snow pack report indicating that the levels currently are only 30% of normal with only one snow month left. Conditions are the worst since 1977 for this date. The governor is being asked to discuss a drought-preparedness plan. Dairy quality hay supplies are on the tight side and prices are firming. The water outlook may mean that prices will remain firm into the new crop year. Winter weather continues to rule over the Cache Valley dairy region in UTAH. Snow has covered the ground since the first of the year. The snow pack in the southern portion of the state is around 180% of normal and the north is about 125%. There are concerns in the south about the potential for flooding if things warm too fast. There have been two cold spells, but not bad enough to hurt milk production. Feed consumption is a bit heavier than planned, but not out of the ordinary. Fat and protein tests are being called good for this time of year. Heifer prices in the region are firm and offerings are light. IDAHO dairy areas are more or less snow free and they have been that way most of the winter. Conditions are generally dry and hay growers are expressing some concern about potential water shortfalls for next summer.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to slightly higher on a firm market. Supplies are limited for the good interest. Some contracts are being shorted, encouraging buyers to seek additional supplies from the West or via the resale market. Some butter operations that occasionally produce NDM to alleviate excess skim supplies are clearing warehoused stocks of NDM at prices within the range. Production of NDM is mostly steady to slightly higher in response to milk production increases in some areas. Production anticipated this spring is mixed with some traders expecting NDM to remain firm whereas others speculate that NDM supplies will increase and prices will soften. Feed buyers are eagerly seeking off grade supplies of NDM as a replacement to tight 34% WPC supplies. Off grade supplies of NDM are noted as difficult to find. Condensed skim demand is good.

EAST: The market tone remains firm and prices mostly unchanged. Some fractional adjustments lower were noted. Production levels are heavier at most drying facilities. This week, some states' schools were on vacation and more surplus milk was received at butter/powder plants. However, an improving demand for condensed skim is moderating drying schedules. Producers' stocks are light and some buyers are reaching to other areas of the country to find direct-sale, spot loads. Buyers are finding that Western producers are unable to make immediate shipments and have to wait several weeks for loads to be shipped. Most Eastern producers are also behind on delivery schedules. With production lagging normal levels, some plants are trying hard to catch up. Buyers are often going to the resale side of the market to find loads. Prices are often above \$1.00 for resale loads. Demand is good as some traders and users try to build an inventory for future needs. Many contacts foresee NDM as tight for much of the year. Others feel that stocks will be sufficient after export interest dies down, if it does. High heat stocks are adequate for the continued lackluster demand. Sales of NDM previously owned by CCC seem to be less frequent and prices are increasing.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9100 - 1.0100 MOSTLY: .9400 - .9500
 HIGHHEAT: .9450 - 1.0950

NONFAT DRY MILK - WEST

Western low/medium nonfat dry milk prices are mostly steady in light spot trading as the market tone remains firm. Regular buyers are finding product hard to secure with suppliers quoting deliveries out from 2 to 4 weeks and then with only weak guarantees. New buyers are generally out of luck finding current powder. There are offerings of older sellback powder on the market, but some is over 3 years old. Exporting continues to be active and clearing current and prior sales. Demand from cheese producers for condensed skim and NDM are often lighter as they are fortifying less. The two-day, ten cent jump in the cheese prices early in the week may cause some to re-pencil that strategy. Drying is steady to higher and dependent on milk flow. (Some trade papers are quoting sharp declines in NDM production without accounting for the increased production of the similar skim milk powder (SMP), which is not included in the dairy production statistics.) Several plants have made and continue to manufacture SMP for direct export accounts. High heat prices are steady to higher. Sales are slowly developing on a seasonal basis with Easter/Passover demand potentially developing. Supplies are available for the current limited needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8950 - .9800 MOSTLY: .9000 - .9500
 HIGHHEAT: .9300 - .9700

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 18	\$.8878	8,918,814	0
February 11	\$.8858	7,968,022	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a firm market. Trade activity remains light in response to limited supply availability. Most trade is occurring on a contractual basis or via resale markets. Production is steady to higher as increased milk and cream volumes are noted into some churns. Condensed buttermilk movement is mostly steady into ice cream operations. However, some excess condensed is clearing into dryers with producers comfortably storing a few loads for possible clearance this summer.

F.O.B. CENTRAL: .9450 - .9975

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone is firm. Dry buttermilk production in the East is steady at moderate levels. The heavy churning activity during the past few months has generated more buttermilk, but most is clearing as condensed. Producer stocks are well balanced. Demand is holding at fair to good levels after improving during much of February.

F.O.B. NORTHEAST: .9300 - .9700
 DELVDSOUTHEAST: .9600 - .9900

DRY BUTTERMILK - WEST

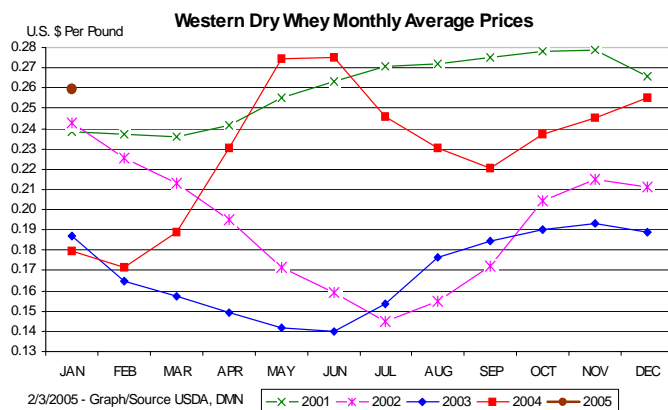
Prices for the both the Western buttermilk range and mostly continue to move higher in moderate trading. The market tone remains firm. The buttermilk powder market is getting both demand and price support from the tight NDM market. Resale activity is light to fair and filling in for any producer shortages. The sense of the market is that supplies and demand are close to in balance. Production trends are seasonally active but could move lower where less cream is available for churning. Stocks are light to moderate and held as balanced.

F.O.B. WEST: .9100 - .9750 MOSTLY: .9150 - .9400

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower as some producers adjust their prices due to last week's declines in the CME cash butter price. However, the market tone is little changed. Production levels are light and plant stocks are balanced. Demand is seasonally fair to good and prices remain nominal.

F.O.B. PRODUCING PLANT: 1.2600 - 1.3450



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged and the market tone is steady. Trade activity is very light. Most movement is occurring on regular contracts. Supply availability is mixed. Producers report that stocks are limited whereas buyers report that offerings are noted at standard prices. Some traders wonder why prices are not moving higher if supplies are indeed as tight as producers report. End-users that are running long on their stocks are trading a few loads in the resale market. Whey production is mostly steady.

F.O.B. CENTRAL: .2375 - .2525 MOSTLY: .2400 - .2450

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone remain steady. Northeastern prices remain nominal. Eastern cheese production is steady to lighter as many cheese makers wait for March and the possibility of lower Class III milk prices before increasing cheese output. Some producers continue to be sold out on dry whey while others do have some loads to move on the spot market. Demand is good in both the domestic and export markets. However, demand is not aggressive enough to push prices higher. Most traders continue to report market activity, other than sales/deliveries to regular customers, as quiet.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2475 - .2650
DELVD SOUTHEAST: .2700 - .2825

DRY WHEY - WEST

The Western whey price range varied from steady to fractionally higher in active trading. The mostly price series also continued to firm. Production levels are about steady. Inventories in producer hands are light. No one is feeling that they are forced to move any powder at this time to keep supplies in balance. Domestic buyers continue to take normal volumes of powder. Export sales are strong. There is not much competition from whey suppliers from anywhere else in the world at this time. Exporters are stating that the low value of the dollar in relation to foreign currencies is helping them sell more powder.

NONHYGROSCOPIC: .2550 - .2800 MOSTLY: .2625 - .2700

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal on a steady market. Trade activity is light due in part to limited supply availability. Permeate and lactose are not attractive substitutes when feed buyers are searching for protein sources. However, as an alternative in diluting whey protein concentrates, supplies of edible or feed grade lactose or permeate are sought by feed users to displace milk replacer and Extra Grade whey demand. Permeate supplies are generally tight whereas lactose is available to the feed interest. Veal and early weaned pig prices are trending steady to lower.

F.O.B. CENTRAL:
MILK REPLACER: .2100 - .2325

Commencing Report 15 (April 8, 2005), Dairy Market News will be publishing a Dry Whey Permeate market. The pricing series will include an F.O.B. range for the Central and West region. Specifications are listed below.

Moisture content. Not more than 5 percent. Milkfat content. Not more than 1.5 percent. Protein content. Not less than 2 percent and not more than 6 percent. Lactose content. Not less than 70 percent. Ash content. Not more than 10 percent.

Commencing Report 15 (April 8, 2005), Dairy Market News will be reporting the Animal Feed Whey-Central Milk Replacer price series within the Dry Whey Central report. The Dry Whey Central Extra Grade price series will remain unchanged.

Comments regarding changes in Dairy Market News Reports can be directed to: Don Nelson, P.O. Box 8911, Madison, WI 53708, Email: DonaldO.Nelson@usda.gov, Phone: 608-224-5079, Fax: 608-224-5078

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Supplies are generally limited. Only a few loads are trading direct from the manufacturer. Supplies in the resale market are equally tight. Production is reportedly steady. Supplies of 80% WPC are available yet generally priced at or above the 34% WPC market on a per unit of protein basis. Some feed buyers are attempting to obtain off grade supplies of NDM as a substitute to whey protein concentrate. However, supplies of NDM are also limited for the good interest. Traders are speculating that the market may be nearing a peak given that supplies are limited and feed buyers are beginning to express that they can no longer afford current 34% WPC prices. Off grade supplies of 34% and 80% WPC are short of buyer interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .7525 - .8025 MOSTLY: .7525 - .7725

LACTOSE - CENTRAL AND WEST

Prices remain unchanged to lower on a steady market. Trade activity is light. Most interest is reported on the higher mesh sizes with requests noted from Asia and Europe. Supplier stocks of higher mesh size lactose are limited with trade noted at a premium. Lower mesh size lactose is readily available at some locations for the light interest. Offerings on lower mesh lactose are noted with trade reported at the average to lower. Some Asian traders seeking supplies of lactose for feed are bidding lactose lower and meeting supplier resistance. Feed supplies of lactose are limited for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1500 - .2100 MOSTLY: .1600 - .1900

CASEIN - NATIONAL

Casein markets and prices remain firm. No major changes have occurred in this market in recent weeks other than continued tight supplies and firming prices. Suppliers continue to indicate that production in the Oceania region is seasonally declining while just getting underway in Europe. In many instances, suppliers are having difficulty in fully acknowledging commitments on a timely basis. The Commodity Credit Corporation (CCC) announced that under invitation #038, 2,018,843 pounds of government owned nonfat dry milk was sold back to the trade for casein/caseinate production at \$0.5255 per pound. Since 2002 and through invitation #038, CCC has sold back nearly 44.7 million pounds of powder for this purpose. CCC also issued invitation #039 to sell another 2 million pounds of powder. Bids are due on March 1 with public release of the results on March 3.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.3000
ACID: 3.2700 - 3.3500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. The market remains highly competitive as producers try to gain or maintain market share. Production levels are little changed. A major grocery chain filed from Chapter 11 protection this week. This will likely have some impact on those evaporated milk producers supplying this chain.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS

COMMODITY	DEC 31, 2002	DEC 31, 2003	REVISED DEC 31, 2004	JAN 31, 2003	JAN 31, 2004	JAN 31, 2005
Butter	157,820	99,613	44,988	204,828	152,448	76,111
Cheese, Natural American	493,262	491,419	481,077	514,914	518,113	484,378
Cheese, Swiss	21,784	26,237	25,956	25,060	25,244	25,740
Cheese, Other Natural	215,015	206,730	198,757	221,241	213,575	201,551

U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS

Butter	555	6,172	118	349	1,258	108
Natural American Cheese	197	9,614	5,053	280	9,616	3,738

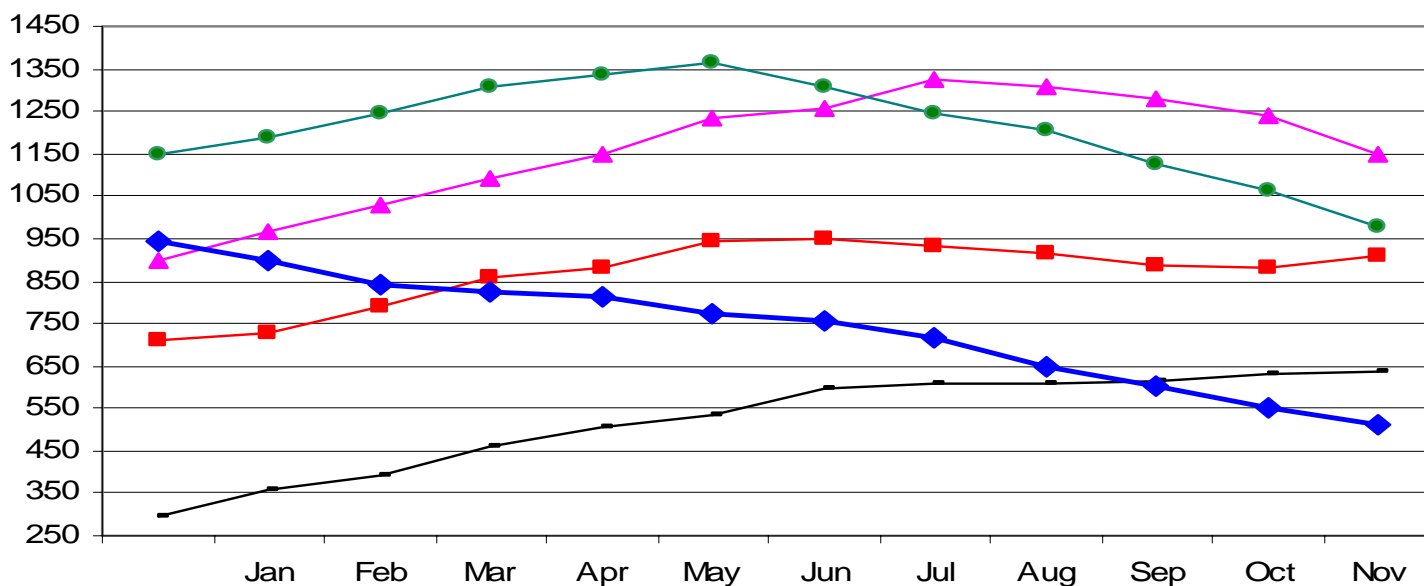
JANUARY STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
New England	19,157	22,176	18,649	---	---	---	247	322	407
Middle Atlantic	57,436	49,684	48,969	---	---	---	32,423	15,247	10,311
East North Central	210,620	198,290	188,722	---	---	---	117,243	123,847	118,374
West North Central	120,179	121,471	111,098	---	---	---	53,918	53,707	53,876
South Atlantic	367	4,943	4,824	---	---	---	2,486	1,881	102
East South Central	538	225	171	---	---	---	216	2,274	2,257
West South Central	1,428	1,785	1,184	---	---	---	205	65	162
Mountain	11,635	22,038	29,795	---	---	---	839	4,260	6,021
Pacific	93,554	97,501	80,966	---	---	---	13,664	11,972	10,041
TOTAL	514,914	518,113	484,378	204,828	152,448	76,111	221,241	213,575	201,551

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

MILLION POUNDS

NDM STORAGE HOLDINGS



NASS DATA, GRAPH BY DMN

—■— 2000 —■— 2001 —▲— 2002 —●— 2003 —◆— 2004

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2004 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	Million Pounds						Million Pounds						Million Pounds					
January	76	152	76	151	<u>3/</u>	1	484	518	481	508	4	10	NA	945	NA	109	NA	836
February		159		158		1		533		523		10		896		95		800
March		158		158		1		521		511		10		841		80		761
April		156		155		<u>3/</u>		526		517		10		826		104		723
May		179		178		<u>3/</u>		559		549		10		814		123		691
June		189		189		<u>3/</u>		591		582		9		774		146		628
July		194		193		<u>3/</u>		616		609		7		755		161		594
August		161		161		<u>3/</u>		569		562		7		716		149		567
September		133		133		<u>3/</u>		554		547		6		650		127		523
October		107		107		<u>3/</u>		528		521		7		602		116		486
November		57		57		<u>3/</u>		481		476		5		552		94		458
December		45		45		<u>3/</u>		481		476		5		511		98		413

NA = Not available.

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Dec 31, 2002	Dec 31, 2003	Dec 31, 2004	Jan 31, 2003	Jan 31, 2004	Jan 31, 2005
	Thousand Pounds					
Butter	157,265	93,441	44,870	204,479	151,190	76,003
Natural American Cheese	493,065	481,805	476,024	514,634	508,497	480,640

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (2-05) and "Dairy Products," Da 2-6 (2-05), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

ANNUAL MILK COWS AND MILK PRODUCTION, 2003 AND 2004

STATE	MILK COWS <u>1/</u>		MILK PER COW <u>2/</u>		MILK PRODUCTION <u>2/</u>		
	2003	2004	2003	2004	2003	2004	CHANGE FROM 2003
	1,000 HEAD		POUNDS		MILLION POUNDS		PERCENT
AL	18	17	14,000	20,882	252	245	-2.8
AK	1.3	1.2	12,846	12,167	16.70	14.60	-12.6
AZ	155	160	22,916	22,788	3,552	3,646	2.6
AR	29	24	12,207	13,250	354	318	-10.2
CA	1,688	1,725	20,993	21,139	35,437	36,465	2.9
CO	100	102	21,530	21,412	2,153	2,184	1.4
CT	22	20	18,773	19,600	413	392	-5.1
DE	8.3	7.4	15,904	17,230	132	127.5	-3.4
FL	142	138	15,218	16,326	2,161	2,253	4.3
GA	85	84	16,988	16,857	1,444	1,416	-1.9
HI	6.5	6.1	14,154	13,197	92	80.5	-12.5
ID	404	424	21,718	21,446	8,774	9,093	3.6
IL	111	107	18,441	18,486	2,047	1,978	-3.4
IN	149	150	19,725	19,747	2,939	2,962	0.8
IA	201	193	18,955	19,912	3,810	3,843	0.9
KS	111	113	19,189	19,611	2,130	2,216	4.0
KY	116	110	12,629	12,936	1,465	1,423	-2.9
LA	43	38	12,070	12,605	519	479	-7.7
ME	35	34	17,829	18,000	624	612	-1.9
MD	78	74	15,577	15,703	1,215	1,162	-4.4
MA	19	17	17,474	17,412	332	296	-10.8
MI	302	303	21,109	20,842	6,375	6,315	-0.9
MN	473	463	17,459	17,499	8,258	8,102	-1.9
MS	31	27	13,645	14,037	423	379	-10.4
MO	129	122	14,620	15,139	1,886	1,847	-2.1
MT	18	18	19,167	19,278	345	347	0.6
NE	64	61	17,641	17,230	1,129	1,051	-6.9
NV	25	25	19,400	20,360	485	509	4.9
NH	16	16	19,063	18,875	305	302	-1.0
NJ	13	12	16,615	16,667	216	200	-7.4
NM	317	326	21,028	20,583	6,666	6,710	0.7
NY	671	655	17,812	17,786	11,952	11,650	-2.5
NC	61	57	17,115	17,649	1,044	1,006	-3.6
ND	35	34	14,857	15,471	520	526	1.2
OH	260	263	17,269	17,338	4,490	4,560	1.6
OK	82	78	16,000	16,192	1,312	1,263	-3.7
OR	119	120	18,294	18,917	2,177	2,270	4.3
PA	575	562	17,979	17,904	10,338	10,062	-2.7
RI	1.3	1.2	17,000	16,333	22.1	19.6	-11.3
SC	19	17	16,737	16,882	318	287	-9.7
SD	82	80	16,220	16,838	1,330	1,347	1.3
TN	79	75	15,253	15,400	1,205	1,155	-4.1
TX	319	319	17,649	18,837	5,630	6,009	6.7
UT	91	88	17,824	18,284	1,622	1,609	-0.8
VT	149	145	17,698	17,821	2,637	2,584	-2.0
VA	113	105	15,319	16,486	1,731	1,731	---
WA	245	237	22,780	22,852	5,581	5,416	-3.0
WV	15	13	14,400	14,923	216	194	-10.2
WI	1,256	1,241	17,728	17,796	22,266	22,085	-0.8
WY	3.8	4.3	14,211	14,744	54	63.4	17.4
U.S. <u>3/</u>	9,083	9,010	18,760	18,957	170,394	170,805	0.2

1/ Average number during year, excluding heifers not yet fresh. 2/ Excludes milk sucked by calves. 3/ Will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (2-05), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

FEDERAL MILK ORDER ADVANCE PRICES, MARCH

Class I Base Price - Under the Federal milk order pricing system, the Class I base price for March 2005 is \$15.43 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$9.59 and the advanced butterfat pricing factor is \$1.7658. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$6.74. Thus, the Class II skim milk price for March is \$7.44 per cwt., and the Class II nonfat solids price is \$0.8267. **Product Price Averages** - The two-week product price averages for March are: butter \$1.5865, nonfat dry milk \$0.8964, cheese \$1.6482, and dry whey \$0.2479.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/</u> <u>2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	March 2005		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <u>4/</u>	001	18.68	12.84	1.7983
Appalachian (Charlotte) <u>5/</u>	005	18.53	12.69	1.7968
Southeast (Atlanta) <u>6/</u>	007	18.53	12.69	1.7968
Florida (Tampa) <u>7/</u>	006	19.43	13.59	1.8058
Midwest (Cleveland) <u>8/</u>	033	17.43	11.59	1.7858
Upper Midwest (Chicago) <u>9/</u>	030	17.23	11.39	1.7838
Central (Kansas City) <u>10/</u>	032	17.43	11.59	1.7858
Southwest (Dallas) <u>11/</u>	126	18.43	12.59	1.7958
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	17.78	11.94	1.7893
Pacific Northwest (Seattle) <u>13/</u>	124	17.33	11.49	1.7848
All-Market Average		18.08	12.24	1.7923

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. 10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I prices at other cities are: Portland, same; and Spokane, same.

**Number of Operations with Milk Cows and Number of Licensed Dairy Herds,
by State, United States, 2003-2004**

State	2003		2004	
	Operations with Milk Cows <u>1/</u>	Licensed Dairy Herds <u>2/</u>	Operations with Milk Cows <u>1/</u>	Licensed Dairy Herds <u>2/</u>
	Number			
AL	200	110	190	100
AK	30	10	30	10
AZ	240	160	230	150
AR	450	290	400	250
CA	2,400	2,060	2,300	2,030
CO	700	180	670	170
CT	280	200	250	180
DE	100	90	90	90
FL	510	190	500	190
GA	640	360	630	330
HI	30	10	30	10
ID	900	775	900	755
IL	1,600	1,295	1,500	1,210
IN	2,400	2,010	2,300	1,900
IA	3,000	2,500	2,600	2,420
KS	1,000	530	950	490
KY	2,500	1,630	2,300	1,435
LA	450	340	420	310
ME	510	400	500	390
MD	850	715	850	670
MA	300	230	270	220
MI	3,000	2,840	2,900	2,680
MN	6,600	6,235	6,100	5,810
MS	440	270	390	250
MO	3,100	1,980	2,800	1,840
MT	600	110	600	110
NE	900	500	830	450
NV	120	30	120	30
NH	230	150	210	140
NJ	170	130	160	130
NM	450	170	450	170
NY	7,100	6,700	6,900	6,630
NC	820	395	800	375
ND	650	440	600	400
OH	4,700	3,960	4,500	3,780
OK	1,500	420	1,400	400
OR	800	350	780	350
PA	9,600	9,130	9,100	8,720
RI	30	20	30	20
SC	210	120	200	110
SD	1,100	780	1,000	700
TN	1,300	820	1,200	760
TX	1,800	850	1,700	810
UT	640	365	600	360
VT	1,400	1,390	1,300	1,280
VA	1,500	910	1,400	850
WA	850	640	820	620
WV	500	150	480	140
WI	16,900	16,400	15,900	15,570
WY	260	35	260	35
U.S. <u>3/</u>	86,360	70,375	81,440	66,830

1/ An operation is any place having one or more head of milk cows, excluding cows used to nurse calves, on hand at any time during the year. 2/ Average number of dairy farms licensed to sell milk, based on counts collected from State and other regulatory agencies.

SOURCE: "Milk Production," Da 1-1 (2-05), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture

SUMMARY OF ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, BY MONTHS, 2004 1/

Month	Fluid milk sales by marketing area												
	Northeast	Appa- lachian	Southeast	Florida	Mideast	Upper Midwest	Central	Southwest	Arizona- Las Vegas <u>2/</u>	Western <u>3/</u>	Pacific Northwest	California	Estimated Total U.S. <u>4/</u>
Million pounds													
Jan	845	309	423	259	565	380	415	374	113	81	187	548	4,837
Feb	748	275	378	240	500	345	370	336	109	74	167	508	4,354
Mar	844	308	407	262	554	379	405	364	114	75	187	558	4,793
Apr	787	288	397	247	519	366	389	353	111	--	179	529	4,527
May	780	273	381	232	505	351	367	333	103	--	176	512	4,362
Jun	746	267	360	218	467	329	350	324	102	--	170	503	4,169
Jul	785	286	379	236	507	346	369	332	104	--	174	506	4,375
Aug	755	297	408	248	512	348	384	354	108	--	174	512	4,458
Sep	794	292	409	237	525	363	391	358	104	--	182	546	4,565
Oct	815	293	415	248	533	373	398	361	105	--	183	558	4,653
Nov	812	295	413	252	545	380	404	365	110	--	190	537	4,678
Dec	851	297	414	258	558	385	406	365	108	--	187	544	4,754
Total <u>5/</u>	9,562	3,482	4,784	2,938	6,290	4,342	4,647	4,220	1,291	231	2,156	6,360	54,524

1/ These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 93% (92% starting April) of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7% (8% starting April) of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the annual figures here may differ from the annual figures published by ERS. Fluid milk products include: plain and flavored whole milk, plain and flavored fat-reduced milk, buttermilk, eggnog, and miscellaneous fluid milk products. 2/ The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada. 3/ Effective April 1, 2004, the Western Federal milk order was terminated. 4/ Estimated total includes the remaining 7% (8% starting April) outside of Federal milk orders and California. 5/ May not add due to rounding.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS,
MARCH 2005, WITH COMPARISONS**

For March 2005, the all-city average announced cooperative Class I price was \$19.51 per cwt., \$1.56 higher than the Federal milk order Class I price average for these cities. The March cooperative Class I price was \$1.58 higher than the February price, while the Federal order price was \$1.64 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.16 in Chicago, IL, and Milwaukee, WI. For March 2004, the all-city average announced cooperative Class I price was \$15.81, \$1.39 higher than the Federal order Class I price average for these cities.

City	March 2005		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	20.14	18.53	1.61
Baltimore, MD	20.23	18.43	1.80
Boston, MA	20.38	18.68	1.70
Charlotte, NC	20.14	18.53	1.61
Chicago, IL	20.39	17.23	3.16
Cincinnati, OH	19.34	17.63	1.71
Cleveland, OH	19.14	17.43	1.71
Dallas, TX	18.93	18.43	0.50
Denver, CO	18.83	17.98	0.85
Des Moines, IA	18.95	17.23	1.72
Detroit, MI	18.84	17.23	1.61
Hartford, CT	20.28	18.58	1.70
Houston, TX	19.53	19.03	0.50
Indianapolis, IN	19.14	17.43	1.71
Kansas City, MO	18.64	17.43	1.21
Louisville, KY	19.24	17.63	1.61
Memphis, TN	19.64	18.23	1.41
Miami, FL 2/	22.41	19.73	2.68
Milwaukee, WI	20.34	17.18	3.16
Minneapolis, MN	20.04	17.13	2.91
New Orleans, LA	20.44	19.03	1.41
Oklahoma City, OK	18.58	18.03	0.55
Omaha, NE	18.70	17.28	1.42
Philadelphia, PA 2/	20.46	18.48	1.98
Phoenix, AZ	17.93	17.78	0.15
Pittsburgh, PA	19.49	17.53	1.96
St. Louis, MO	18.98	17.43	1.55
Seattle, WA	17.75	17.33	0.42
Springfield, MO	18.18	17.63	0.55
Washington, DC	20.23	18.43	1.80
Simple Average	19.51	17.96	1.56

1/ This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

2/ Announced cooperative Class I price for February 2005 has been revised to \$18.82.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF FEBRUARY 21 - 25, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 02/18/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	237,140,126	-0-	839,716,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	237,021,078	-0-	886,107,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF FEBRUARY 21 - 25, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	2.2	113.8
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	51.2	2,758.9
CUMULATIVE JAN. 1 - FEB. 25, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	25.7	1,409.7

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF FEBRUARY 21 - 25, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	6,643,183	4.2	2.9
WEST	-0-	-42,309	-0-	-0-	29,415,099	226,094,121	92.4	95.3
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.8
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	237,021,078	100.0	100.0

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2005 is 0 pounds.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 02/05/05 & Comparable Week 2004

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2005-Dairy	0.1	0.8	6.6	2.9	15.9	3.9	0.8	1.0	13.9	3.3	49.1	300.9
2004-Dairy	0.1	0.8	7.3	5.0	16.1	2.6	0.5	1.0	13.1	3.6	50.0	296.6
2005-All cows	0.1	0.8	8.1	11.4	31.6	10.5	12.7	3.4	15.0	5.5	98.9	608.7
2004-All cows	0.1	0.8	9.0	10.4	28.2	12.3	12.8	2.6	13.9	5.8	95.8	614.2

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43									
II	13.04											
III	14.14											
IV	12.52											

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm